

**BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION
NASHVILLE, TENNESSEE**

**PETITION OF ATMOS ENERGY)
CORPORATION FOR APPROVAL)
OF ITS 2026 ANNUAL RATE) DOCKET NO. 26-00009
REVIEW FILING PURSUANT TO)
TENN. CODE ANN. § 65-5-103(d)(6))**

**REBUTTAL TESTIMONY OF GREGORY K. WALLER
ON BEHALF OF ATMOS ENERGY CORPORATION**

May 1st, 2026

TABLE OF CONTENTS

I. INTRODUCTION AND QUALIFICATIONS3

**II. USE OF A HYPOTHETICAL CAPITAL STRUCTURE WOULD BE CONTRARY
TO THE APPROVED METHODOLOGIES AND TENNESSEE STATUTES6**

III. ATMOS ENERGY’S CAPITAL STRUCTURE IS PRUDENT9

**IV. APPROVAL OF ATMOS ENERGY’S CAPITAL STRUCTURE IS WITHIN
INDUSTRY NORMS21**

Attachments:

Exhibit GKW-1 Capital Structure

Exhibit GKW-2 Currently Authorized Capital Structures

Exhibit GKW-3 Interest Expense Savings

Exhibit GKW-4 KS Staff Recommendations

1 **I. INTRODUCTION AND QUALIFICATIONS**

2 **Q. PLEASE STATE YOUR NAME, OCCUPATION AND BUSINESS ADDRESS.**

3 A. My name is Gregory K. Waller. I am Director of Rates & Regulatory Affairs for Atmos
4 Energy Corporation (“Atmos Energy” or the “Company”). My business address is 5420
5 LBJ Freeway, Suite 1600 Lincoln Centre, Dallas, Texas 75240.

6 **Q. ON WHOSE BEHALF ARE YOU SUBMITTING TESTIMONY?**

7 A. I am testifying on behalf of Atmos Energy.

8 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND**
9 **PROFESSIONAL EXPERIENCE.**

10 A. I received a Bachelor of Arts degree in economics from Dartmouth College in 1994 and an
11 MBA degree from the University of Texas in 2000. I worked as a management consultant
12 from 1994 to 2003 at Harbor Research in Boston, MA (1994-1996) and Towers Perrin in
13 Dallas, TX (1997-2003). I joined Atmos Energy in 2003 and was named Vice President
14 of Finance for the Kentucky/Mid-States Division in 2005. From 2012 – 2020, I was
15 Manager, Rates and Regulatory Affairs in Atmos Energy’s Shared Services Division.
16 From 2020 – 2022, I was a Director at ScottMadden, an energy and regulatory focused
17 management consulting firm. From 2022 – May 2024, I was Director, Regulatory Shared
18 Services at Liberty Utilities. I returned to Atmos Energy and assumed my current role in
19 June 2024.

1 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE TENNESSEE PUBLIC**
2 **UTILITY COMMISSION (“TPUC”)?**

3 A. Yes. I have filed testimony in numerous proceedings before TPUC as well as other
4 regulatory bodies. For a complete list of my regulatory proceeding experience, please see
5 Appendix GKW-1.

6 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

7 A. My rebuttal testimony explains why TPUC should reject Consumer Advocate Division
8 Office of the Tennessee Attorney General (the “Consumer Advocate”) witness Clark D.
9 Kaml’s recommendation that a hypothetical capital structure of 53.13% equity and 46.87%
10 be employed in recommended in his testimony.¹ As discussed below, Mr. Kaml’s
11 recommendation is flawed in several ways.

12 First, use of a hypothetical capital structure, as Mr. Kaml proposes, is expressly
13 contrary to the Approved Methodologies. As such, it would prevent Atmos Energy from
14 recovering its authorized rate of return on its actual expenses, as required by Tennessee
15 law. Since the adoption of the ARM, the Commission has routinely and consistently used
16 Atmos Energy’s actual capital structure. In fact, the equity level which Mr. Kaml argues is
17 too high this year is actually *lower* than the equity level approved by this Commission in
18 each of the past four years. Mr. Kaml fails to identify a procedural or legal precedent for
19 changing the Approved Methodologies in this circumstance. These legal and procedural
20 flaws are sufficient grounds for rejecting Mr. Kaml’s proposal.

21 Second, and in the alternative, Atmos Energy’s capital structure is reasonable and
22 prudent and should continue to be applied as a matter of sound ratemaking in any event.

¹ Direct Testimony of Clark Kaml at p. 3, l. 3.

1 Among its other benefits, Atmos Energy’s capital structure preserves the financial
2 flexibility and credit metrics needed to access funds on reasonable terms, thereby allowing
3 it to provide safe and reliable service at a reasonable cost even in the face of adverse real-
4 world events.

5 Third, a complete review of capital structures approved in other jurisdictions (as
6 opposed to the merely partial survey performed by Ms. Kaml) shows that the Company’s
7 capital structure is within the range of normal outcomes when compared to the prior rulings
8 of this and other commissions, both in cases directly involving Atmos Energy and
9 otherwise.

10 **Q. ARE YOU SPONSORING ANY EXHIBITS AS PART OF YOUR REBUTTAL**
11 **TESTIMONY?**

12 A. Yes. I am sponsoring the following exhibits:

Exhibit GKW-1 Capital Structure 09/30/2025
Exhibit GKW-2 Currently Authorized Capital Structures
Exhibit GKW-3 Interest Expense Savings
Exhibit GKW-4 Kansas Staff Recommendations

13

1 **II. USE OF A HYPOTHETICAL CAPITAL STRUCTURE WOULD BE CONTRARY**
2 **TO THE APPROVED METHODOLOGIES AND TENNESSEE STATUTE**

3 **Q. HAS THE QUESTION OF WHETHER THE COMPANY’S ACTUAL CAPITAL**
4 **STRUCTURE SHOULD BE USED IN RATEMAKING BEEN ADDRESSED BY**
5 **THE COMMISSION?**

6 A. Yes. When the ARM was first established in TPUC Docket 14-00146, the Approved
7 Methodologies expressly stated that the “Company’s capital structure shall be calculated
8 annually and be made up of . . . [a]ctual equity balance at the end of each Historic Base
9 Period.”² In other words, the Approved Methodologies clearly and explicitly state that the
10 Company’s actual capital structure should be used in setting rates.

11 **Q. HAS THE COMMISSION SET RATES BASED UPON THE COMPANY’S**
12 **ACTUAL CAPITAL STRUCTURE IN PRIOR ARM PROCEEDINGS?**

13 A. Yes. The Company’s ARM filings in Tennessee have always used actual capital structure,
14 as required by the Approved Methodologies, and the rates implemented at the conclusion
15 of each such proceeding have always been based on the Company’s actual capital structure.

16 **Q. DO THE EQUITY LEVELS IN THE CAPITAL STRUCTURE FOR THIS YEAR’S**
17 **FILING DIFFER MATERIALLY FROM THOSE PRIOR YEARS?**

18 A. No. The 60.47% equity level requested in this docket is actually lower than the equity level
19 approved by the Commission without objection from the Consumer Advocate in each of
20 the past four ARM dockets.³ In other words, the equity level at issue in this docket is well
21 within the normal range previously approved by the Commission and, in fact, is at its
22 lowest level in at least five years.

² See Order Approving Settlement, Docket 14-00146, Ex. A, Stipulation and Settlement, at p. 24, § 13.1(i)(A).

³ See Consumer Advocate’s Response to Company DR 1-26.

1 **Q. DOES MR. KAML PROVIDE ANY EXPLANATION FOR WHY THIS YEAR'S**
2 **EQUITY LEVEL SHOULD BE REJECTED WHEN HIGHER EQUITY LEVELS**
3 **HAVE BEEN ROUTINELY APPROVED IN PAST PROCEEDINGS?**

4 A. No. His testimony omits any reference to past decisions of this Commission related to
5 Atmos Energy's capital structure.

6 **Q. WHAT IS THE PROCEDURAL NATURE OF MR. KAML'S SUGGESTION?**

7 A. Functionally, he is seeking to amend the Approved Methodologies such that rates are
8 calculated upon a hypothetical capital structure instead of the actual capital structure.

9 **Q. IS THERE A MECHANISM FOR MAKING CHANGES TO THE APPROVED**
10 **METHODOLOGIES?**

11 A. Yes. Tenn. Code Ann. § 65-5-103(d)(6)(D)(iii) states that "[t]he authority or the public
12 utility may propose a modification to the approved annual review plan for consideration
13 by the authority. The authority shall determine whether any proposed modification is in the
14 public interest and should be approved within the time frame set forth in subdivision
15 (d)(6)(C). If the authority denies a modification to the approved annual review plan, the
16 authority shall set forth with specificity the reasons for its denial."

17 **Q. HAS THAT MECHANISM BEEN INVOKED IN THIS CASE?**

18 A. No. Neither TPUC nor the Company has proposed any changes to the methodologies
19 surrounding the Approved Methodologies. As such, as a matter of law, the Approved
20 Methodologies remain in effect and should form the basis for review of this issue.

1 **Q. DOES THE CONSUMER ADVOCATE CLAIM THAT ATMOS ENERGY FAILED**
2 **TO FOLLOW THE APPROVED METHODOLOGIES ON THIS ISSUE?**

3 A. No. To the contrary, Mr. Kaml expressly acknowledged that Atmos Energy’s submission
4 follows the Approved Methodologies in his testimony.⁴ Similarly, the Consumer Advocate
5 admitted that fact in its discovery responses.⁵ Because there is no dispute that Atmos
6 Energy followed the Approved Methodologies, there does not appear to be any viable issue
7 related to capital structure in this docket.

8 **Q. ARE THERE ANY OTHER FLAWS WITH THE NATURE OF MR. KAML’S**
9 **REQUEST?**

10 A. Yes. Adopting Mr. Kaml’s adjustment would not allow the Company to implement rates
11 that would allow for the authorized return established in our most recent rate case to be
12 achieved.

13 **Q. WHY IS THAT A PROBLEM?**

14 A. Because such a result is expressly contrary to Tennessee law. Under Tenn. Code Ann. §
15 65-5-103(d)(6)(c), rates adjustments implemented pursuant to an ARM must provide that
16 the public utility earns the authorized return on equity established in the public utility's
17 most recent general rate case pursuant to § 65-5-101 and subsection (a)”.
18

19 Because Mr. Kaml’s adjustment would artificially deflate Atmos
Energy’s equity levels, implementation of rates on that basis would violate this statute.

⁴ Direct Testimony of Clark D. Kaml at p. 13.

⁵ Consumer Advocate Response to Company DR 1-23.

1 **Q. BEFORE TURNING TO THE SUBSTANCE OF MR. KAML’S ARGUMENTS, WE**
2 **SHOULD DISCUSS ONE LAST PROCEDURAL ISSUE: THE CONSUMER**
3 **ADVOCATE ARGUES THAT A 45–55% EQUITY IS “IDEAL”; IS THAT A**
4 **MANDATORY LEGAL OR REGULATORY STANDARD ATMOS MUST MEET IN**
5 **TENNESSEE?**

6 A. No. Instead, the appropriate capital structure to be used in this case is determined by
7 reference to the Approved Methodologies and Tennessee Code § 65-5-103(d)(6)(c). As
8 discussed above, both of these authorities support the Company’s position.

9 **III. ATMOS ENERGY’S CAPITAL STRUCTURE IS PRUDENT**

10 **Q. ARE YOUR CRITICISM’S OF MR. KAML’S RECOMMENDATION LIMITED**
11 **TO THE PROCEDURAL AND LEGAL ISSUES DISCUSSED ABOVE?**

12 A. No. Even if this matter could be properly addressed in this proceeding, Mr. Kaml’s
13 suggestion is contrary to sound ratemaking precedent. In other words, his recommendation
14 should also be rejected on its merits.

15 **Q. PLEASE SUMMARIZE MR. KAML’S RECOMMENDATION REGARDING THE**
16 **COMPANY’S PROPOSED USE OF ITS ACTUAL CAPITAL STRUCTURE.**

17 A. Mr. Kaml recommends that:
18 “the Commission establish a revenue requirement based on the
19 capital structure and cost of equity from TPUC Docket No. 14-
20 00146, that approved the Annual Review Mechanism and ARM
21 Tariff, and use the actual cost of debt as follows:
22 • A capital structure comprised of 53.13% equity and 46.87%
23 debt;
24 • A cost of long-term debt of 4.15%;
25 • And a cost of equity of 9.80%.”⁶
26

⁶ Direct Testimony of Clark Kaml at p. 3, ll. 18-23.

1 He goes on to state that, “The proposed capital structure contains an excessive level of
2 equity, which increases the weighted average cost of capital (“WACC”), and results in
3 higher rates for customers.”⁷ After presenting his arguments, Mr. Kaml’s concluding
4 recommendation is:

5 “Atmos’ decision to increase its equity ratio is a corporate decision
6 that unnecessarily increased costs to ratepayers without benefit.
7 This level of equity financing is not necessary to provide safe,
8 reliable service, and it is not necessary to meet the just and
9 reasonable standards established by the Hope and Bluefield
10 decisions. I recommend that for the purpose of setting rates, the
11 Commission limit the capital structure to an equity ratio approved
12 in the last rate case proceeding”⁸
13

14 **Q. WHAT RATIONALE DOES MR. KAML PROVIDE TO SUPPORT HIS POSITION**
15 **THAT THE COMPANY’S CAPITAL STRUCTURE CONTAINS AN EXCESSIVE**
16 **LEVEL OF EQUITY?**

17 A. He provides three reasons why he considers the equity ratio excessive:⁹

- 18 • Exceeds the Value Line Investment Survey (“Value Line”)
19 average equity ratio of approximately 46% for the other
20 natural gas utilities. [citation omitted]
 - 21 • Exceeds the equity ratio of all other distribution gas utilities
22 in Value Line dataset. The next highest equity ratio is 57.5%.
23 [citation omitted]
 - 24 • Exceeds the 53.13% equity ratio approved by the
25 Commission. [citation omitted]
- 26

27 After presenting his arguments, Mr. Kaml states that “This level is not reasonable or
28 prudent from a ratepayer perspective.”¹⁰

⁷ *Id.* at p. 5, ll. 13-14.

⁸ *Id.* at p. 18, ll. 5-10.

⁹ *Id.* at p. 6, ll. 8-12.

¹⁰ *Id.* at p. 18, l. 1.

1 **Q. DOES THE COMPANY AGREE WITH THE CONSUMER ADVOCATE’S**
2 **ARGUMENT THAT THE COMPANY’S CURRENT REQUESTED EQUITY**
3 **RATIO DEVIATES FROM RECENT ARM-APPROVED RATIOS?**

4 A. No. The Company has had a relatively modest year-to-year variance, which does not
5 undermine the Company’s capital structure methodology or its financing needs. The
6 Company’s capital structure calculation follows the Commission’s approved
7 methodologies using actual balances.

8 **Q. IS THIS CAPITAL STRUCTURE SIMILAR TO THE OVERALL DEBT/EQUITY**
9 **PERCENT PROPOSED IN THE COMPANY’S MOST RECENTLY APPROVED**
10 **ARM FILINGS?**

11 A. Yes, similar in range, but lower than the most recently filed and authorized ARM filings.
12 The most recent dockets are as follows:

13	22-00010	60.59%
14	23-00008	62.20%
15	24-00006	62.38%
16	25-00007	61.05%

17
18 **Q. IN HIS TESTIMONY, MR. KAML CHARACTERIZES EQUITY RATIO AS A**
19 **“CORPORATE DECISION.” DO YOU AGREE WITH EITHER THAT**
20 **CHARACTERIZATION OR THE IMPLICIT SUGGESTION THAT THIS IS A**
21 **PROBLEM?**

22 A. Yes. I agree that Company management is responsible for establishing capital structure
23 and managing the Company’s balance sheet. To be clear, however, this is certainly not a
24 problem. Because they have access to the necessary information, Company management
25 is in the best position to determine how to finance our utility operations. Moreover, as

1 discussed below, the determination that has been made is both reasonable and prudent and
2 should be upheld.

3 **Q. PLEASE BEGIN WITH A DISCUSSION OF THE CAPITAL STRUCTURE USED**
4 **IN THIS PROCEEDING.**

5 A. Although this proceeding only affects the rates that may be charged by the Company in its
6 service areas in Tennessee, the appropriate capital structure for each of the Atmos Energy
7 utility operating divisions, including the Kentucky-MidStates Division, is the consolidated
8 capital structure for Atmos Energy as a whole. Atmos Energy's consolidated capital
9 structure is appropriate for use in setting rates for the Company's Tennessee customers
10 because Atmos Energy provides the debt and equity capital that supports the assets serving
11 those customers.

12 **Q. HOW HAS THE COMPANY USED THE CONSOLIDATED CAPITAL**
13 **STRUCTURE OF ATMOS ENERGY IN THIS PROCEEDING?**

14 A. The capital structure for the Company's Tennessee operations in this proceeding is set forth
15 in Exhibit GKW-1. The capital structure, as shown in Exhibit GKW-1, is the Company's
16 actual capital structure, which does not include Winter Storm Uri debt, as of September 30,
17 2025.¹¹ This debt is not included in the Company's actual capital structure because it is
18 held in a separate special purpose entity established for the sole purpose of securitizing
19 Winter Storm Uri costs related to Kansas gas costs. Because it is held in a different entity
20 and not part of the financing Atmos Energy uses for its utility operations in Tennessee it is
21 properly not included in the capital structure or weighted average cost of debt calculations

¹¹ Note that Lines 1-5 is the period end capital structure and Lines 6-10 is the 13-month average. The 13-month average percentage, which is what Mr. Kaml addresses, is used in calculating the true-up portions of the revenue requirement model.

1 for Atmos Energy's utility operations. As shown on Exhibit GKW-1, long-term debt
2 compromises 39.53% and equity is 60.47% for the 13-month period ended September 30,
3 2025.

4 **Q. WHAT EMBEDDED COST OF LONG-TERM DEBT CAPITAL DID ATMOS**
5 **ENERGY USE IN CALCULATING RATES IN THIS ARM?**

6 A. As shown in the calculation on Exhibit GKW-1, Atmos Energy used a 4.15% weighted
7 average cost of long-term debt for setting rates in this docket.

8 **Q. DOES THE WEIGHTED AVERAGE COST INCLUDE THE COST OF THE**
9 **SECURITIZED DEBT HELD BY THE SPECIAL PURPOSE ENTITY**
10 **ASSOCIATED WITH WINTER STORM URI KANSAS GAS COSTS?**

11 A. No. The proposed 4.15% weighted average cost of long-term debt does not include
12 securitized debt issued in connection with Winter Storm Uri costs associated with our
13 Kansas operations.

14 **Q. HAS THE COMPANY BEEN ACTIVE IN RAISING DEBT AND EQUITY FROM**
15 **THE CAPITAL MARKETS THE PAST SEVEN YEARS?**

16 A. Yes, the Company has been active in raising both long-term debt as well as equity from the
17 capital markets over the past several years. The Company's total capitalization increased
18 from \$9.0 billion to \$23.3 billion, which required several capital raises from the market,
19 between December 2018 and December 2025. However, the Company has issued long-
20 term debt and equity in such a manner that its debt-to-equity ratio has remained within the
21 narrow range between 38% debt / 62% equity and 42% debt / 58% equity over this period.

1 Being active in the debt and equity markets is important and necessary to support our
2 ongoing investment in the safety and reliability of our gas distribution and transmission
3 assets.

4 **Q. WHY IS IT IMPORTANT FOR THE COMPANY TO CALCULATE ITS REVENUE**
5 **REQUIREMENT BASED UPON ITS ACTUAL CAPITAL STRUCTURE?**

6 A. Safe and reliable service cannot be maintained at a reasonable cost if the Company does
7 not have the financial flexibility and strength to access the competitive capital markets on
8 reasonable terms. As highlighted in NARUC's Special Regulatory Training Initiative (RTI)
9 Event, Utility Credit Ratings 101 Webinar,¹² the factors used by the credit rating agencies
10 to evaluate utilities demonstrate that relying too heavily on long-term debt financing
11 creates risk, as does a regulatory environment that is not supportive of utilities' ability to
12 recover their actual costs and to have the opportunity to earn a fair return on their
13 investments, including the actual weighted cost of equity. Increasing the percentage of
14 long-term debt in the Company's capital structure negatively affects the key financial
15 indicators relied upon by the credit rating agencies, which puts the Company at risk of a
16 credit rating downgrade and increases in the cost of debt financing, both of which adversely
17 affect all of Atmos Energy's stakeholder groups, including its customers, shareholders, and
18 bondholders

¹² <https://maxxwww.naruc.org/forms/store/ProductFormPublic/RTI-Utility-Credit-Rating-101-2024-On-Demand?ticket=ST-1726951786-XNSAnKY4X0MNd5sZxqSwbTQrMS8gGpAo>

1 **Q. CAN ATMOS ENERGY MAINTAIN SAFE AND RELIABLE SERVICE AT A**
2 **REASONABLE COST OVER THE LONG-TERM IF IT DOES NOT RECOVER**
3 **ITS ACTUAL COSTS?**

4 A. No. To provide safe, reliable and affordable service to its customers, Atmos Energy must
5 meet the needs and serve the interests of its various stakeholders, including customers,
6 shareholders and bondholders. The interests of these stakeholder groups are aligned with
7 maintaining a healthy balance sheet, strong credit ratings and a supportive regulatory
8 environment, so that the Company can access capital on reasonable terms to make
9 necessary investments to safely and reliably serve customers consistent with customers'
10 expectations.

11 Moreover, stakeholder interests cannot be aligned if utilities do not have the
12 financial flexibility and strength to access the competitive capital markets on reasonable
13 terms. The authorization of a capital structure other than the Company's actual capital
14 structure will weaken the Company's financial condition and its key financial indicators,
15 adversely impacting the Company's ability to address expenses and investment, to the
16 detriment of customers and shareholders. Safe and reliable service for customers cannot
17 be sustained over the long term if the interests of shareholders, bondholders and customers
18 are not balanced.

19 **Q. HAVE THE COMPANY'S REGULATORS IN JURISDICTIONS OUTSIDE**
20 **TENNESSEE RECOGNIZED ITS ACTUAL CAPITAL STRUCTURE?**

21 A. Yes. Exhibit GKW-2 Atmos Energy Jurisdictional Currently Authorized Capital
22 Structures shows the most recently approved capital structures in each of Atmos Energy's
23 jurisdictions.

1 **Q. HAS THE COMPANY’S RELATIVELY STRONG EQUITY POSITION**
2 **ALLOWED IT TO SUCCESSFULLY MANAGE VARIOUS FINANCIAL**
3 **CHALLENGES OVER THE PAST SEVERAL YEARS?**

4 A. Yes. For example, although the Tax Cut and Jobs Act (“TCJA”) reduced the federal
5 income tax rate and created a need to return excess deferred taxes to customers resulting in
6 a negative impact to the Company’s cash flow, the Company’s relatively strong equity
7 position, among other things, allowed it to adjust its external financing needs, return funds
8 to customers, and avoid a downgrade by ratings agencies. Similarly, when the COVID-19
9 Pandemic resulted in Emergency Orders being issued across all of the Company’s service
10 territories to not disconnect customers for non-payment, the Company was able to raise
11 additional debt early in the pandemic to maintain its liquidity during uncertain times so that
12 customers at risk of disconnection received the benefits of the Company’s financial
13 strength. Lastly, one of the most important examples of the financial strength that the
14 Company’s balance sheet brings at its current capitalization can be found in the Company’s
15 response to Winter Storm Uri. Despite being put on credit watch at the time by both ratings
16 agencies, the Company nevertheless was able to quickly raise \$2.2 billion to fund
17 extraordinary gas costs on very short notice and increase our liquidity through a new short-
18 term credit facility. Without the Company’s strong financial balance sheet in place, these
19 examples could have had serious long-term detrimental effects for the Company’s
20 customers. The Commission’s current authorization of an equity range below the
21 Company’s actual capital structure is not consistent with the financial strength required by
22 the Company to continue the provision of safe and reliable service to its customers in
23 Tennessee.

1 **Q. HAVE THERE BEEN ANY OTHER DEVELOPMENTS THAT SHOW THE**
2 **PRUDENCY OF THE COMPANY’S CAPITAL STRUCTURE?**

3 A. Yes. On April 10, 2024, Moody’s changed the Company’s Outlook to “negative,” stating
4 that Moody’s “had previously expected that the company’s financial profile would recover
5 after it exhibited lower than historical metrics [CFO pre-WC] in 2022 and 2023.” Then on
6 April 7, 2025, Moody’s downgraded the Company from A1 to A2. In their report Moody’s
7 noted that “[a]s of the last twelve months ended 31 December 2024, the metric [CFO pre-
8 WC] was about 20.5%, still strong but a material decline from the historical ratio in the
9 25% range.”

10 **Q. HOW DOES THIS CHANGE AFFECT CAPITAL STRUCTURE DECISIONS?**

11 A. The Moody’s downgrade demonstrates that although the equity component has been
12 relatively steady for the past five years, the cash flow metrics have not been maintained.
13 In order to maintain the new Moody’s debt rating and not experience another downgrade,
14 and thus higher spread on future debt issuances, the Company must issue new debt and
15 equity, along with reinvested earnings, in a manner that maintains the cash flow metrics
16 evaluated by Moody’s. If these metrics are not maintained, then balancing the need to
17 invest in ongoing safety and reliability with the need to raise incremental funds from the
18 capital markets on favorable terms and maintain the financial flexibility to meet various
19 financial challenges cannot be accomplished.

1 **Q. WOULD SETTING THE COMPANY'S CAPITAL STRUCTURE AT ANYTHING**
2 **OTHER THAN THE ACTUAL CAPITAL STRUCTURE FOR PURPOSES OF**
3 **SETTING RATES BE BENEFICIAL TO THE CUSTOMER?**

4 A. No, not in the long-run. Artificially reducing rates below the Company's actual costs
5 would ignore the reality that the Company's capital structure and its cost of debt result
6 from the competitive forces of the capital markets. Equity and debt investors can choose
7 to invest their funds elsewhere or require higher prices for capital if they do not perceive
8 they are being fairly treated. A regulatory environment that does not permit a utility to
9 have a reasonable opportunity to earn a fair return on its prudently incurred cost leads to
10 poor results in the long run, with potentially higher costs and degraded service. Supporting
11 utilities that invest in their energy infrastructure in a prudent and efficient manner should
12 be encouraged and, over time, will result in rates that are fair to both the customers and the
13 utility.

14 **Q. DOES ATMOS ENERGY'S NON-HOLDING COMPANY ORGANIZATIONAL**
15 **STRUCTURE SUPPORT CALCULATING THE RATES IN TENNESSEE ON THE**
16 **COMPANY'S ACTUAL CAPITAL STRUCTURE?**

17 A. Yes. Atmos Energy conducts utility operations in eight states through unincorporated
18 divisions, including the Company's Tennessee operations.

1 **Q. WHY IS ATMOS ENERGY’S NON-HOLDING COMPANY ORGANIZATIONAL**
2 **STRUCTURE AN IMPORTANT DISTINCTION COMPARED TO THE OTHER**
3 **REGULATED GAS UTILITIES THAT OPERATE IN TENNESSEE?**

4 A. Unlike other utilities that operate in Tennessee, the actual capital costs upon which Atmos
5 Energy’s Tennessee rates are calculated are not complicated by differing levels of
6 debt/equity ratios at the holding company level versus the subsidiary level and accurately
7 reflect market forces, as I mentioned above.

8 **Q. ARE THERE ADVANTAGES TO ATMOS ENERGY’S FINANCIAL**
9 **STRUCTURE?**

10 A. Yes. Operating all of the regulated distribution and transmission business within Atmos
11 Energy saves administrative costs, results in a more transparent business model, provides
12 more transparency in financial reporting, and allows the Company to focus on the
13 operational needs of the gas distribution and transmission business and how best to meet
14 the financing needs as Atmos Energy progresses through its investment in natural gas
15 infrastructure for system replacement and growth.

16 **Q. HAS THE COMPANY’S PROACTIVE MANAGEMENT OF A STRONGER**
17 **BALANCE SHEET LED TO TANGIBLE SAVINGS TO TENNESSEE**
18 **CUSTOMERS?**

19 A. Yes. The Company has issued over 87% of its outstanding long-term debt since 2014, the
20 approximate time frame that both debt ratings agencies upgraded the Company. As shown
21 in Exhibit GKW-3 Interest Savings, if this debt had been issued at BBB+, then the annual

1 interest expense would be \$23.4 million higher. Allocating this down to Tennessee rate
2 base equates to approximately \$1.6 million in annual savings.¹³

3 **Q. WHAT IS THE EFFECT OF MR. KAML'S RECOMMENDATION TO**
4 **ESTABLISH A CAPITAL STRUCTURE BASED ON A 2014 DOCKET?**

5 A. Using a 47% debt 53% equity capital structure would not allow the Company to recover
6 its actual, prudently incurred costs. As stated in Section II, not allowing the Company to
7 recover its prudently incurred costs is a violation of the Approved Methodologies and
8 Tennessee law.

9 **Q. HOW WOULD THIS NOT ALLOW FOR PRUDENTLY INCURRED COSTS TO**
10 **BE RECOVERED?**

11 A. As stated above, the Company's requested capital structure is reflective of its consolidated
12 capital structure and is not complicated by questions of Holding Company/Subsidiary
13 issues. An adoption of a hypothetical capital structure, which is the practical effect of Mr.
14 Kaml's recommendation, would limit a portion of our equity costs to be recovered at debt
15 cost rates thus not allowing for the full recovery of our cost of equity.

16 **Q. DO YOU AGREE WITH MR. KAML'S BELIEF THAT THE COMPANY'S**
17 **CAPITAL STRUCTURE CONTAINS AN EXCESSIVE LEVEL OF EQUITY¹⁴**
18 **AND HIS CONCLUSION THAT THIS LEVEL OF EQUITY IS NOT**
19 **REASONABLE FROM A RATEPAYER PERSPECTIVE?¹⁵**

20 A. No. As noted above, the Commission has authorized rates in this equity range in the
21 Company's most recent ARM filings. In Docket No. 25-00007, at page 10 of its Order,

¹³ If one considers the additional savings related to locking in a lower Treasury rate with financial instruments the overall interest savings at the Tennessee level is approximately \$3.01 million.

¹⁴ Direct Testimony of Clark Kaml at p. 6, ll. 8-12.

¹⁵ *Id.* at p. 16, l. 1.

1 the Commission held: “Finally, the panel [Jones, Hie, Morrison, Good, and Crowell] found
2 that the ARRM continued to serve the public interest by allowing Atmos Energy to timely
3 recover its reasonable and prudent expenditures for providing safe and reliable natural gas
4 services to its customers, while also limiting the need for more costly rate cases.” Thus, a
5 lower requested capital structure should not be viewed as excessive or unreasonable.

6 **IV. APPROVAL OF ATMOS ENERGY’S CAPITAL STRUCTURE IS WITHIN**
7 **INDUSTRY NORMS**

8 **Q. MR. KAML SUPPORTS HIS RECOMMENDATION BY REFERENCING BOTH**
9 **(1) SUPPOSED INDUSTRY STANDARDS AND (2) DECISIONS REACHED IN**
10 **PROCEEDINGS FROM OTHER JURISDICTIONS. DO YOU BELIEVE THAT**
11 **EVIDENCE SUPPORTS HIS RECOMMENDATION?**

12 A. No. Respectfully, the sources that Mr. Kaml cites fail to provide the complete picture, either
13 as it relates to industry standards or as it relates to the treatment of Atmos Energy’s capital
14 structure in other jurisdictions. When the complete picture is considered, it is clear that
15 equity levels at issue here are well within the range of reasonable and ordinary outcomes
16 in the industry as a whole and in Atmos Energy’s other jurisdictions.

17 **Q. PLEASE BEGIN WITH INDUSTRY STANDARDS. ON THAT ISSUE, MR. KAML**
18 **PROVIDES VALUE LINE INVESTMENT SURVEY (“VALUE LINE”) AVERAGE**
19 **EQUITY RATIO TO SUPPORT HIS POSITION.¹⁶ IS THIS AN APPROPRIATE**
20 **COMPARISON?**

21 A. No, it is not. There are two reasons why the Value Line data is an inappropriate comparison.
22 First, as my discussion above indicates, the Company has been very active in the capital

¹⁶ *Id.* at p. 3, ll. 18-23

1 markets since the 2014 Tennessee rate case, with our overall capitalization increasing over
2 \$14.3 billion since the beginning of fiscal year 2019. We have raised this equity to support
3 our ongoing investment in the safety and reliability of our gas distribution and transmission
4 assets. Mr. Kaml has presented no evidence related to the Value Line utilities
5 demonstrating that their capital structure and financing needs would support Atmos
6 Energy's credit metrics. As a result, there is no basis for concluding that those companies
7 are reasonably comparable to Atmos Energy. Second, using Gas Utilities from Value Line
8 places too much reliance on a group with a limited number of data points and is not
9 representative of actual gas utility case outcomes.

10 **Q. IS THERE A RECOGNIZED SOURCE THAT WOULD PROVIDE RATE**
11 **PROCEEDING OUTCOMES, INCLUDING AUTHORIZED CAPITAL**
12 **STRUCTURE INFORMATION, FOR A BROADER COLLECTION OF**
13 **UTILITIES?**

14 A. Yes. S&P Capital IQ tracks natural gas rate proceeding activity. There have been 261 rate
15 proceeding outcomes published since calendar year ("CY") 2023 for natural gas utilities in
16 the United States. Of the 261 total published outcomes for the CY 2023 – YTD 2026 time
17 period, 135 published outcomes include information about the authorized capital structures
18 from the rate proceeding. The capital structure outcomes reflect the authorized capital
19 structure, where identified in a commission's final order, as opposed to Value Line data
20 relied upon by Mr. Kaml which reflects information published in a company's Security
21 Exchange Commission ("SEC") financial data.

1 **Q. DOES THE S&P GLOBAL INTELLIGENCE DATA UNDERMINE THE**
 2 **RELIABILITY OF MR. KAML'S VALUE LINE DATA?**

3 A. Yes. There are variations between the data provided by S&P Global Intelligence and the
 4 data contained in Value Line. These variations suggest that Value Line consistently
 5 understates the equity levels actually used to set rates for the companies cited.

6 **Q. HOW SIGNIFICANT IS THE DIFFERENCE IN S&P GLOBAL INTELLIGENCE**
 7 **OUTCOMES WITH THE VALUE LINE COMPANIES SHOWN IN MR. KAML'S**
 8 **EXHIBIT CDK-1?**

9 A. Comparing the Value Line capital structure values at the publicly-traded holding company
 10 level to S&P Capital IQ values based on the actual capital structures used when setting
 11 rates, where overlap exists, shows a significant difference as shown in Table GWK-1:

State	Company	Value Line	S&P Capital IQ
VA	Nisource (NI)	41.80%	43.17%
FL	Chesapeake (CPK)	59.00%	45.16%
AZ	Southwest Gas (SWX)	44.60%	48.50%
AZ	Southwest Gas (SWX)	41.00%	50.00%
NV	Southwest Gas (SWX)	41.80%	50.00%
NV	Southwest Gas (SWX)	41.80%	50.00%
OR	Northwest Natural (NWN)	47.40%	50.00%
OR	Northwest Natural (NWN)	45.20%	50.00%
OH	Nisource (NI)	35.30%	50.60%
DE	Chesapeake (CPK)	52.40%	52.00%
MD	Nisource (NI)	41.80%	52.17%
IN	Nisource (NI)	40.30%	52.39%
KY	Nisource (NI)	40.30%	52.64%
NJ	New Jersey Resources (NJR)	41.80%	54.00%
PA	Nisource (NI)	41.80%	54.40%
TX	Onergas (OGS)	56.10%	59.07%
TX	Onergas (OGS)	56.10%	59.58%
FL	Chesapeake (CPK)	59.00%	59.60%
TX	Onergas (OGS)	49.30%	59.07%
TX	Onergas (OGS)	56.50%	59.58%
	Avg. Difference		5.93%

12
 13 The difference between the Value Line publicly traded capital structure and S&P Capital
 14 IQ authorized capital structure is almost 6 percent thus highlighting the problem in Mr.

1 Kaml's argument that looks to the holding company values rather than the values used by
2 regulatory commissions to actually set utility rates. Moreover, as shown in the table above,
3 the equity levels used in many of the capital structures used to set utility rates are within
4 1% or less of the equity level sought here, further establishing that it is well within industry
5 norms.

6 **Q. TURNING TO THE OTHER BASIS FOR MR. KAML'S POSITION, HE ALSO**
7 **HIGHLIGHTS ATMOS ENERGY STATE COMMISSION DOCKETS IN KANSAS,**
8 **COLORADO, KENTUCKY, AND MISSISSIPPI IN SUPPORT OF HIS**
9 **RECOMMENDATION.¹⁷ ARE THERE OTHER STATES THAT THE COMPANY**
10 **OPERATES IN THAT MR. KAML OVERLOOKS?**

11 A. Yes. Exhibit GKW-2 summarizes all of the states where the Company operates. Mr. Kaml
12 fails to note that the majority of states have authorized capital structures in line with the
13 overall range the Company manages to so that capital markets can be accessed under
14 favorable terms on a frequent basis. Recent Texas rate case outcomes have been in the
15 60%-61% equity range (see Exhibit GKW-2). The Company operates comprehensive
16 annual rate mechanisms under agreed upon tariffs similar to the ARM in LA and TX with
17 the underlying support of a 58% equity component when establishing customer rates. As
18 a result, use of Atmos Energy's actual equity structure in this proceeding is in line with
19 both past Tennessee precedent and the equity levels approved in the other jurisdictions in
20 which the Company operates.

¹⁷ Direct Testimony of Clark Kaml at p. 7, l. 21- p. 10 l. 15.

1 **Q. DO THE PARTICULAR EXAMPLES GIVEN BY MR. KAML UNDERMINE THIS**
2 **OVERALL CONCLUSION?**

3 A. No. Those decisions are either (i) also in line with the equity levels requested in this case
4 or (ii) outliers that resulted from a different procedural posture and should therefore be
5 rejected.

6 **Q. TO BE CLEAR, DO ANY OF THE JURISDICTIONS CITED BY MR. KAML**
7 **EMPLOY APPROVED METHODOLOGIES CONCLUSIVELY ESTABLISHING**
8 **THAT ACTUAL CAPITAL STRUCTURE SHOULD BE USED, AS EXISTS HERE?**

9 A. No. Unlike Tennessee, none of the jurisdictions cited by Mr. Kaml have approved
10 methodologies similar to those in the Tennessee ARM.

11 **Q. MR. KAML CLAIMS THAT THERE WAS A DISAGREEMENT ABOUT ATMOS**
12 **ENERGY'S CAPITAL STRUCTURE IN ITS KANSAS FILING. DOES THE**
13 **NATURE OF THAT DISAGREEMENT SUPPORT THE CONSUMER**
14 **ADVOCATE'S POSITION THAT THE EQUITY LEVELS IN THIS DOCKET**
15 **SHOULD BE REJECTED?**

16 A. No. Although there was a disagreement in the docket cited by Mr. Kaml (No. 23-ATMG-
17 359 RTS), both parties supported equity levels that are much closer to Atmos Energy's
18 actual equity level sought in this case (60.47%) than the hypothetical level requested by
19 the Consumer Advocate (53.13%). The Company, as Mr. Kaml notes, requested 61.14%.
20 As shown in Exhibit GKW-4 while Kansas Staff's recommendation was 59.1573%. Thus,
21 the area of disagreement was not so significant that it prevented an overall settlement with
22 no specific capital structure or return on equity being specified. In any case, however, there
23 was no suggestion that an equity level at or around 60% was fundamentally unreasonable,

1 nor did any party suggest that a level as low as the Consumer Advocate's proposed 53%
2 was appropriate.

3 **Q. HAS THE COMPANY HAD A SUBSEQUENT PROCEEDING IN KANSAS SINCE**
4 **THE 23-ATMG-0349-RTS DOCKET? HOW WAS IT RESOLVED AS IT RELATES**
5 **TO CAPITAL STRUCTURE?**

6 A. Yes. As shown in Exhibit GKW-2, Docket No. 26-ATMG-026-RTS no capital structure
7 was stated in the settlement of that docket, but the parties were once again much closer to
8 Atmos Energy's actual equity levels than the hypothetical level supported by the Consumer
9 Advocate in this docket. As shown on page 2 of Exhibit GKW-4, Staff's recommendation
10 in the docket was still 58.564% equity. Again, the area of disagreement was not so
11 significant that it prevented an overall settlement with no specific capital structure or return
12 on equity being specified.

13 As a result, the results of the Company's recent rate cases in Kansas actually support
14 the equity level requested in this case.

15 **Q. DID MR. KAML GO INTO MORE DETAIL WITH THE KENTUCKY OR**
16 **MISSISSIPPI ORDERS?**

17 A. Yes. In addition to attaching the order, he provided several quotes with the body of his
18 testimony that support his position.¹⁸

19 **Q. HOW MUCH WEIGHT SHOULD THE COMMISSION PUT ON THE**
20 **KENTUCKY OR MISSISSIPPI ORDERS?**

21 A. No more or less than any other commission decision. If the Commission is interested in
22 giving weight to Atmos Energy's other jurisdictions when determining an authorized

¹⁸ *Id.* at p. 9, l. 2 – p. 10, l. 7.

1 capital structure, then all of information provided in Exhibit GKW-2 should be included
2 and not cherry picked as Mr. Kaml has done in going into more detail of only the two that
3 support his position.

4 **Q. DID MR. KAML ACKNOWLEDGE THAT HE DID NOT CONSIDER RECENT**
5 **RATE DECISIONS AND CURRENT RATE RECOVERY WITH REGARD TO**
6 **CAPITAL STRUCTURE IN ATMOS ENERGY’S OTHER JURISDICTIONS?**

7 A. Mr. Kaml objected to Atmos Energy Data Request 1-40, but not withstanding said
8 objection stated in part, “Mr. Kaml did not review the recent decisions and current rate
9 recovery about the capital structure in Atmos Energy’s other jurisdictions,” most notably,
10 Texas, which where the majority of Atmos Energy’s rate base is located. Thus Mr. Kaml
11 is not taking a holistic view of how all of the Company’s regulators balance the customer
12 and Company interests.

13 **Q. WHAT DID ATMOS ENERGY DATA REQUEST 1-41 ASK OF THE CONSUMER**
14 **ADVOCATE?**

15 A. In data request 1-41 the Company asked “Explain whether the Consumer Advocate
16 Division agrees that a comprehensive review of the capital structure approved in all of
17 Atmos Energy’s jurisdiction is relevant to the Commission’s analysis or if it contends that
18 only the select jurisdictions discussed in Pages 8-10 of the Pre-Filed Testimony of Clark
19 Kaml are relevant. If you believe only the selectively chosen jurisdictions in Mr. Kaml’s
20 testimony are relevant, provide the basis for that position.”

21 **Q. HOW DID MR. KAML RESPOND TO ATMOS ENERGY DATA REQEUST 1-41?**

22 A. The Consumer Advocate objected,

23 “...on the grounds that the information requested is not within the
24 exclusive custody or control of the Consumer Advocate. The

1 Consumer Advocate also objects to the request for “all of Atmos
2 Energy’s jurisdictions” as unduly burdensome. In addition, the
3 Consumer Advocate also objects because this request is not fact
4 discovery. The request does not call for a fact or the application of
5 law to fact and is an improper attempt to solicit the Tennessee Public
6 Utility Commission’s analysis in dockets, which the Consumer
7 Advocate is not privy to or have any information or insight into the
8 analysis conducted by the Tennessee Public Utility Commission.”
9

10 Mr. Kaml did indicate the cases he reviewed and discussed in his testimony formed the
11 basis for his position in the docket. Again, Mr. Kaml’s responses, noting the objections,
12 confirm the selective nature of Mr. Kaml’s overall analysis.

13 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

14 **A. Yes.**

BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION

NASHVILLE, TENNESSEE

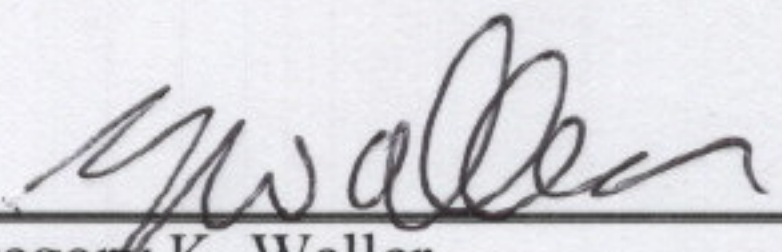
IN RE:

PETITION OF ATMOS ENERGY CORPORATION)
FOR APPROVAL OF ITS 2026 ANNUAL RATE) DOCKET NO. 26-00009
REVIEW FILING PURSUANT TO TENN.)
CODE ANN. § 65-5-103(d)(6))

VERIFICATION

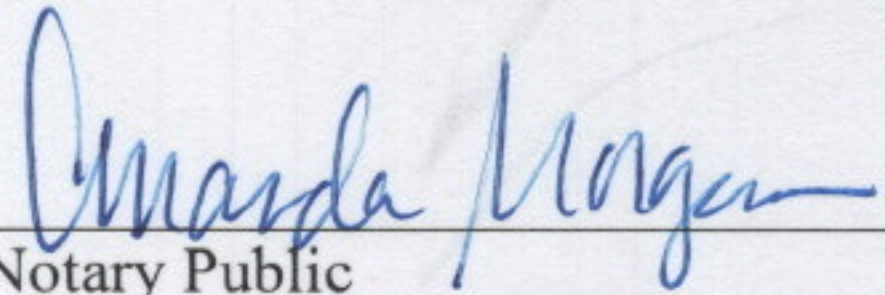
STATE OF TEXAS)
COUNTY OF DALLAS)

I, Gregory K. Waller, being first duly sworn, state that I am the Director Rates and Regulatory Affairs for Atmos Energy Corporation, that I am authorized to testify on behalf of Atmos Energy Corporation in the above referenced docket, that the Rebuttal Testimony of Gregory K. Waller in support of Atmos Energy Corporation's filing is true and correct to the best of my knowledge, information and belief.



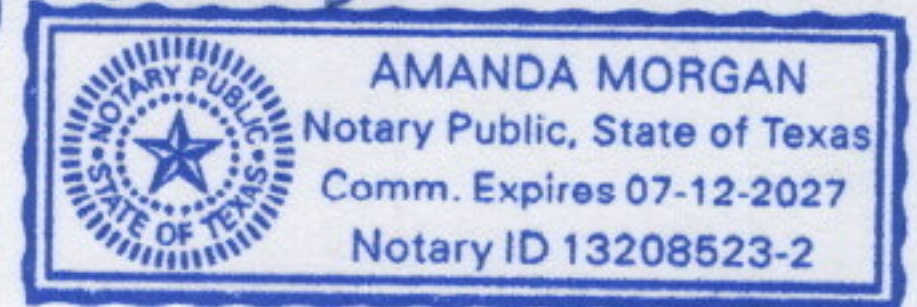
Gregory K. Waller

Sworn and subscribed before me this 22nd day of April, 2026.



Notary Public
County: Dallas

My Commission Expires: July 12, 2027



Gregory K. Waller
Testimony and Rate Case Management Experience
Appendix GKW-1

Sponsor	Date	Docket/Case No.	Subject
Regulatory Commission of Alaska			
Cook Inlet Natural Gas Storage Alaska	2020	U-20-012	Annual Mechanism and Formula Rate Plan
Colorado Public Utilities Commission			
Atmos Energy Corporation	2025	25AL-0499G	General rate case - Revenue Requirements
Georgia Public Service Commission			
Atmos Energy Corporation	2012	36278	Sale of jurisdiction
Atmos Energy Corporation	2012	34734	GRAM (annual mechanism) filing
Atmos Energy Corporation	2011	34734	Application for Georgia Rate Adjustment Mechanism ("GRAM") annual mechanism
Atmos Energy Corporation	2009	30442	General Rate Case; Operating expense forecast and budgeting process
Atmos Energy Corporation	2009	29554	Gas Supply Plan; Potential sale of LNG facility
Atmos Energy Corporation	2008	27163	General rate case; Operating expense forecast and budgeting process
Kansas Corporation Commission			
Atmos Energy Corporation	2025	26-ATMG-026-RTS	General rate case - Revenue Requirements
Kentucky Public Service Commission			
Atmos Energy Corporation	2024	2024-00276	General rate case - Revenue Requirements
Atmos Energy Corporation	2019	2019-00253	Annual Pipe Replacement Program (PRP) filing
Atmos Energy Corporation	2018	2018-00281	General rate case - Revenue Requirements
Atmos Energy Corporation	2017	2017-00308	Annual Pipe Replacement Program (PRP) filing
Atmos Energy Corporation	2017	2017-00349	General rate case and petition for Annual Rate Review Mechanism
Atmos Energy Corporation	2016	2016-00262	Annual Pipe Replacement Program (PRP) filing
Atmos Energy Corporation	2015	2015-00272	Annual Pipe Replacement Program (PRP) filing
Atmos Energy Corporation	2015	2015-00343	General rate case - Revenue Requirements
Atmos Energy Corporation	2014	2014-00274	Annual Pipe Replacement Program (PRP) filing
Atmos Energy Corporation	2013	2013-00148	General rate case - Revenue Requirements
Atmos Energy Corporation	2013	2013-00304	Annual Pipe Replacement Program (PRP) filing
Atmos Energy Corporation	2009	2009-00354	General rate case and petition for annual infrastructure (PRP) mechanism
Atmos Energy Corporation	2006	2006-00464	General rate case - Revenue Requirements
Louisiana Public Service Commission			
Atmos Energy Corporation	2019	U-35153	LA Gas Service (LGS) Rate Stabilization (RSC) Filing
Atmos Energy Corporation	2019	U-35106	Trans LA (TLA) Rate Stabilization (RSC) Filing
Atmos Energy Corporation	2018	U-34803	LA Gas Service (LGS) Rate Stabilization (RSC) Filing
Atmos Energy Corporation	2018	U-34714	Trans LA (TLA) Rate Stabilization (RSC) Filing
Atmos Energy Corporation	2017	U-34424	LA Gas Service (LGS) Rate Stabilization (RSC) Filing
Atmos Energy Corporation	2017	U-34343	Trans LA (TLA) Rate Stabilization (RSC) Filing
Atmos Energy Corporation	2016	U-34028	LA Gas Service (LGS) Rate Stabilization (RSC) Filing

Gregory K. Waller
Testimony and Rate Case Management Experience
Appendix GKW-1

Sponsor	Date	Docket/Case No.	Subject
Atmos Energy Corporation	2016	U-33925	Trans LA (TLA) Rate Stabilization (RSC) Filing
Atmos Energy Corporation	2015	U-28814	LA Gas Service (LGS) Rate Stabilization (RSC) Filing
Atmos Energy Corporation	2015	U-32987	Trans LA (TLA) Rate Stabilization (RSC) Filing
Atmos Energy Corporation	2014	U-28814	LA Gas Service (LGS) Rate Stabilization (RSC) Filing
Atmos Energy Corporation	2014	U-32987	Trans LA (TLA) Rate Stabilization (RSC) Filing
Atmos Energy Corporation	2013	U-32987	Application for modification of RSC tariffs (establish system integrity program)
Atmos Energy Corporation	2013	U-28814	LA Gas Service (LGS) Rate Stabilization (RSC) Filing
Atmos Energy Corporation	2013	U-28814	Trans LA (TLA) Rate Stabilization (RSC) Filing
Mississippi Public Service Commission			
Atmos Energy Corporation	2019	2005-UN-0503	Annual Stable Rate Filing
Atmos Energy Corporation	2019	2015-UN-049	System Integrity Rider
Atmos Energy Corporation	2018	2005-UN-0503	Annual Stable Rate Filing; eliminate earnings band
Atmos Energy Corporation	2018	2015-UN-049	System Integrity Rider
Atmos Energy Corporation	2017	2005-UN-0503	Annual Stable Rate Filing; narrow earnings band; actual capital structure
Atmos Energy Corporation	2017	2015-UN-049	System Integrity Rider
Atmos Energy Corporation	2016	2005-UN-0503	Annual Stable Rate Filing
Atmos Energy Corporation	2016	2015-UN-049	System Integrity Rider
Atmos Energy Corporation	2015	2005-UN-0503	Annual Stable Rate Filing
Atmos Energy Corporation	2015	2015-UN-049	Application for System Integrity Rider
Atmos Energy Corporation	2014	2005-UN-0503	Annual Stable Rate Filing
Atmos Energy Corporation	2013	2005-UN-0503	Annual Stable Rate Filing; ROE improvement
New York Department of Public Service			
Liberty Utilities	2023	23-W-0235	Revenue Requirements
Public Utilities Commission of Nevada			
Southwest Gas Corporation	2021	21-09001	Revenue Requirements
Southwest Gas Corporation	2020	20-02023	Revenue Requirements
Tennessee Public Utility Commission			
Atmos Energy Corporation	2019	19-00018	Annual Review Filing
Atmos Energy Corporation	2019	19-00076	Annual Review Reconciliation
Atmos Energy Corporation	2018	18-00067	Annual Review Filing
Atmos Energy Corporation	2018	18-00097	Annual Review Reconciliation
Atmos Energy Corporation	2018	18-00034	Impact of Tax Cuts and Jobs Act
Atmos Energy Corporation	2018	18-00112	Investigation into possible modifications to Annual Review mechanism
Atmos Energy Corporation	2017	17-00012	Annual Review Filing
Atmos Energy Corporation	2017	17-00091	Annual Review Reconciliation
Atmos Energy Corporation	2016	16-00013	Annual Review Filing
Atmos Energy Corporation	2016	16-00105	Annual Review Reconciliation

Gregory K. Waller
Testimony and Rate Case Management Experience
Appendix GKW-1

Sponsor	Date	Docket/Case No.	Subject
Atmos Energy Corporation	2014	14-00081	Petition for Annual Rate Review Mechanism
Atmos Energy Corporation	2014	14-00146	General rate case and petition for Annual Rate Review Mechanism
Atmos Energy Corporation	2012	12-00064	General rate case
Atmos Energy Corporation	2008	08-00197	General rate case
Atmos Energy Corporation	2007	07-00105	General rate case
Atmos Energy Corporation	2007	07-00081	Environmental cost recovery rider
Atmos Energy Corporation	2006	05-00258	Show Cause initiated by Tennessee Regulatory Authority
Virginia State Corporation Commission			
Atmos Energy Corporation	2019	2019-00010	Annual Information Filing (AIF)
Atmos Energy Corporation	2019	2019-00054	Application for second SAVE plan (safety infrastructure rider)
Atmos Energy Corporation	2018	2018-00014	General rate case
Atmos Energy Corporation	2017	2017-00009	Annual Information Filing (AIF)
Atmos Energy Corporation	2017	2017-00081	SAVE (safety infrastructure rider) filing
Atmos Energy Corporation	2016	2015-00119	Expedited rate case
Atmos Energy Corporation	2016	2016-00057	SAVE (safety infrastructure rider) filing
Atmos Energy Corporation	2015	2015-00002	Annual Information Filing (AIF)
Atmos Energy Corporation	2015	2015-00064	SAVE (safety infrastructure rider) filing
Atmos Energy Corporation	2014	2013-00124	Expedited rate case
Atmos Energy Corporation	2014	2014-00044	SAVE (safety infrastructure rider) filing
Atmos Energy Corporation	2013	2013-00006	Annual Information Filing (AIF)
Atmos Energy Corporation	2013	2013-00068	SAVE (safety infrastructure rider) filing
Atmos Energy Corporation	2008	2008-00007	Expedited rate case

ATMOS ENERGY CORPORATION
TENNESSEE DISTRIBUTION SYSTEM ("TN ARM") - COST OF SERVICE FILING
OVERALL COST OF CAPITAL
TEST YEAR ENDING SEPTEMBER 30, 2025

(Period End)

Line No.	Description	Percent	Cost Rate	Overall Cost of Capital
(a)	(b)	(c)	(d)	(d)
1	Long Term Debt Capital	39.55%	4.15%	1.64%
2	Short Term Debt	0.00%	0.00%	0.00%
3	Equity Capital ⁽¹⁾	60.45%	9.80%	5.92%
4		<hr/>		<hr/>
5	Total Capital	100.0%		7.56%
		<hr/> <hr/>		<hr/> <hr/>
(13 Month Average)				
6	Long Term Debt Capital	39.53%	4.15%	1.64%
7	Short Term Debt	0.00%	0.00%	0.00%
8	Equity Capital ⁽¹⁾	60.47%	9.80%	5.93%
9		<hr/>		<hr/>
10	Total Capital	100.0%		7.57%
11		<hr/> <hr/>		<hr/> <hr/>
12	Note:			
13	1. Allowed return on equity established per TRA Docket No. 14-00146.			

Atmos Energy Corporation
Authorized Capital Structures

(as of 04/30/2026)

Line #	Division	Case Description	Docket No.	Decision Date	Authorized Capital Structure (Debt / Equity)
	(a)	(b)	(c)	(d)	(e)
1	APT	2023 Rate Filing	OS-23-00013758	12/13/2023	40 / 60
2	Colorado	2022 Rate Filing	22AL-0348G	5/14/2023	42-45 / 58-55
3	Kansas	2023 Rate Filing	26-ATMG-026-RTS	2/26/2026	[1]
4	Kentucky	2024 Rate Filing	2024-00276	8/11/2025	46.5 / 53.5
5	Louisiana	2024 RSC	U-37554	7/1/2025	42 / 58
6	Mid-Tex	Dallas Only	2024 DARR	6/1/2025	40 / 60
7		Mid-Tex Cities	2023 RRM	NA	42 / 58
8		Mid-Tex Environs	2024 SOI	OS-24-00019196	39 / 61
9	Mississippi	2025 Rate Case	2025-UN-59	11/4/2025	50 / 50
10	Tennessee	2024 ARM	25-00007	6/1/2025	39 / 61
11	Virginia	2023 Rate Filing	PUE-2023-00008	12/1/2023	39 / 61
12	West Texas	WT Cities	2024 SOI	OS-24-00018879	39 / 61
13		WT Environs	2024 SOI	OS-24-00018879	39 / 61
14	[1] Actual capital structure requested was 39/61; No stated capital structure in settlement.				

Atmos Energy Corp.
Long Term Debt Ratings Impact
Docket No. 26-0009

Line #	Issuance Name	Date Issued	Amount	Issued after Upgrade?	Total	A+ A A- Rate	BBB+ BBB BBB- Rate	Spread	Savings
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	10 Year Issuances								
2	3.00% Sr Notes due 2027	6/8/2017	500,000,000	Y	500,000,000	3.220%	3.520%	0.003000	1,500,000
3	2.625% Sr Notes due 2029	10/2/2019	300,000,000	Y	300,000,000	2.602%	2.857%	0.002550	765,000
4	1.500% Sr Notes due 2031	10/1/2020	600,000,000	Y	600,000,000	1.750%	1.991%	0.002410	1,446,000
5	2.625% Sr Notes due 2029	1/14/2022	200,000,000	Y	200,000,000	2.728%	2.953%	0.002250	450,000
6	5.450% Sr Notes due 2032	10/3/2022	300,000,000	Y	300,000,000	5.231%	5.611%	0.003800	1,140,000
7	5.90% Sr Notes Due 2033	10/10/2023	400,000,000	Y	400,000,000	5.820%	6.211%	0.003910	1,564,000
8	5.90% Sr Notes Due 2033 (Tap)	6/18/2024	325,000,000	Y	325,000,000	5.225%	5.528%	0.003030	984,750
9	5.20% Sr Notes Due 2035	6/26/2025	500,000,000	Y	500,000,000	5.092%	5.356%	0.002639	1,319,500
10	Total 10 Year Issuances		3,125,000,000		3,125,000,000				9,169,250
11	30 Year Issuances								
12	6.67% MTN Due 2025	12/12/1995	10,000,000	N	-			-	-
13	6.75% Debentures due 2028	7/27/1998	150,000,000	N	-			-	-
14	5.95% Sr Notes due 2034	10/22/2004	200,000,000	N	-			-	-
15	5.500% Sr Notes due 2041	6/10/2011	400,000,000	N	-			-	-
16	4.150% Sr Notes due 2043	1/11/2013	500,000,000	N	-			-	-
17	4.125% Sr Notes due 2044	10/15/2014	500,000,000	Y	500,000,000	2.886%	3.283%	0.003970	1,985,000
18	4.125% Sr Notes due 2044	6/8/2017	250,000,000	Y	250,000,000	4.018%	4.319%	0.003010	752,500
19	4.300% Sr Notes due 2048	10/4/2018	600,000,000	Y	600,000,000	4.486%	4.814%	0.003280	1,968,000
20	4.125% Sr. Notes due 2049	3/4/2019	450,000,000	Y	450,000,000	4.336%	4.641%	0.003050	1,372,500
21	3.375% Sr Notes due 2049	10/2/2019	500,000,000	Y	500,000,000	3.329%	3.621%	0.002920	1,460,000
22	2.850% Sr Notes due 2052	10/1/2021	600,000,000	Y	600,000,000	3.038%	3.257%	0.002190	1,314,000
23	5.75% Sr Notes Due 2052	10/3/2022	500,000,000	Y	500,000,000	5.427%	5.759%	0.003320	1,660,000
24	6.20% Sr Notes Due 2053	10/10/2023	500,000,000	Y	500,000,000	6.157%	6.384%	0.002270	1,135,000
25	5.00% Sr. Notes Due 2054	10/1/2024	650,000,000	Y	650,000,000	5.127%	5.358%	0.002310	1,501,500
26	5.45% Sr. Notes Due 2056	10/1/2025	600,000,000	Y	600,000,000	5.547%	5.729%	0.001820	1,092,000
27	Total 30 Year Issuances		6,410,000,000		5,150,000,000				14,240,500
28	Net Total Issuances		9,535,000,000		8,275,000,000				23,409,750

% Issued Since Oct. 2013	87%
--------------------------	-----

30

DOCKET NO. 23-ATMG-359-RTS

ATMOS ENERGY
CAPITAL STRUCTURE
FOR THE TEST YEAR ENDED MARCH 31, 2022

SCHEDULE C-1

LINE NO.	DESCRIPTION	A TOTAL COMPANY	B COMPANY ADJUSTED BALANCE	C STAFF ADJUSTMENTS	D STAFF ADJUSTED KANSAS GAS JURISDICTIONAL	E CAPITALIZATION RATIO'S	F COST OF CAPITAL	G WEIGHTED COST OF CAPITAL
1	LONG TERM DEBT	5,710,726,673	5,710,726,673	790,899,783	6,501,626,456	40.8427%	4.06%	1.6582%
2	EQUITY	<u>8,983,230,787</u>	<u>8,983,230,787</u>	433,860,216	9,417,091,003	<u>59.1573%</u>	9.40%	<u>5.5608%</u>
3	TOTAL	<u><u>14,693,957,460</u></u>	<u><u>14,693,957,460</u></u>	1,224,759,999	15,918,717,459	<u>100.0000%</u>		<u><u>7.2190%</u></u>
4	TOTAL WEIGHTED COST OF LT DEBT		<u><u>1.6582%</u></u>					

Line No.	Description	Total Company	Company Adjusted Balance	Staff Adjustments	Staff Adjusted Kansas Gas Jurisdictional	Capitalization Ratio's	Cost of Capital	Weighted Cost Of Capital
1	Long Term Debt	7,396,775,416	8,377,362,190	1,084,895,117	9,462,257,307	41.4360%	4.29%	1.7776%
2	Common Equity	11,618,639,177	13,137,965,351	235,591,712	13,373,557,064	58.5640%	9.70%	5.6807%
3	Total	<u>19,015,414,593</u>	<u>21,515,327,541</u>	<u>1,320,486,829</u>	<u>22,835,814,370</u>	<u>100.0000%</u>		<u>7.4583%</u>